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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Year Ended June 30, 1992

Commission File Number 0-8585

Dynamic Homes, Inc.
(Exact Name of Registrant as Specified in its Charter)

Minnesota	41-0960127
(State of Other Jurisdiction Incorporation or Organization)	(I.R.S. Employer Identification Number)

525 Roosevelt Avenue, Detroit Lakes, MN 56501
(Address of Principal Executive Offices)
(Zip Code)

(218) 847-2611
(Registrant's Telephone Number Including Area Code)

"Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days."

YES X NO ____

As of June 30, 1992, 2,108,930 common shares, par value, $.10 per share, were outstanding.

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PART I.

ITEM 1. Financial Statements

FORM 10-Q
DYNAMIC HOMES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1992 & 1991
(Unaudited)

	Three Months		Six Months	
	06/30/92	06/30/91	06/30/92	06/30/91
Net Sales	$1,727,400	$1,964,500	$2,966,400	$3,074,100
Cost of Sales	1,324,300	1,443,000	2,279,300	2,349,800
Gross Profit	403,100	521,500	687,100	724,300
Operating Expenses	372,100	454,800	732,300	821,500
Operating Income (Loss)	31,000	66,700	-45,200	-97,200
Other (Income) Expense:				
Interest Expense	25,500	24,100	47,400	47,900
Other, Net	-3,900	-7,900	-19,800	-11,400
Total Other (Income) Expense	21,600	16,200	27,600	36,500
Income (Loss) Before Taxes	9,400	50,500	-72,800	-133,700
State Taxes - AMT (Benefit)	0	0	0	0
Net Income (Loss)	$ 9,400	$ 50,500	$ -72,800	$ -133,700
Earnings (Loss) Per Common Share	$ .00	$ .02	$ -.03	$ -.06
Weighted Average Number of Shares Outstanding for Period	2,108,900	2,108,900	2,108,900	2,108,900
Dividends Per Common Share	None	None	None	None

See notes to condensed consolidated financial statements.

FORM 10-Q

DYNAMIC HOMES, INC. AND SUBSISIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS-JUNE 30, 1992 & DECEMBER 28, 1991

(Unaudited)

ASSETS	June 30, 1992	December 28, 1991
CURRENT ASSETS:		
Cash	$ 4,400	$ 19,600
Accounts Receivable, Less Allowance for Doubtful Accounts, Pledged	304,900	258,500
Notes Receivable-Current Portion (Note 4)	1,900	1,900
Inventories, Pledged (Note 2)	1,239,000	679,200
Prepaid Expenses	58,100	87,200
Total Current Assets	$ 1,608,300	$ 1,046,400
OTHER ASSETS:		
Real Estate - C.F.D. Non-Current (Note 4)	$ 47,800	$ 48,800
Other Assets	31,700	35,100
Total Other Assets	$ 79,500	$ 83,900
PROPERTY, PLANT & EQUIPMENT, at:		
Cost - Pledged in Part	$ 1,907,300	$ 1,871,300
Less - Accumulated Depreciation	-1,351,500	-1,337,900
Net Property, Plant & Equipment	$ 555,800	$ 533,400
Total Assets	$ 2,243,600	$ 1,663,700
LIABILITIES		
CURRENT LIABILITIES:		
Notes Payable	$ 573,600	$ 251,600
Current Portion - Long-Term Debt	140,600	137,500
Accounts Payable	534,900	187,100
Accrued Liabilities	287,600	326,000
Customer Deposits	170,200	69,100
Total Current Liabilities	$ 1,706,900	$ 971,300
LONG-TERM DEBT,	$ 510,100	$ 593,200
Less Current Portion Included Above		
STOCKHOLDERS' EQUITY		
Common Stock, Par Value $.10 Per Share Authorized: 5,000,000 Shares; Issued and Outstanding: 2,108,930	$ 210,900	$ 210,900
Paid-In-Capital In Excess of Par	58,300	58,300
Retained Earnings (Deficit)	-242,600	-170,000
Total Stockholders' Equity	$ 26,600	$ 99,200
Total Liabilities & Stockholders' Equity	$ 2,243,600	$ 1,663,700

See notes to condensed consolidated financial statements.

FORM 10-Q
DYNAMIC HOMES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30,
(Unaudited)

	1992	1991
Cash Flows From Operating Activities		
Net Loss	$ -72,800	$ -133,700
Adjustments to Reconcile Net Loss to Cash Provided by (Used in) Operating Activities:		
Depreciation	36,500	22,500
Provision for Doubtful Accounts	10,500	3,200
Gain on Sale of Property & Equipment	2,200	0
Change in Assets & Liabilities:		
(Increase) Decrease in Receivables	-56,900	42,900
(Increase) Decrease in Inventories	-559,800	-216,800
(Increase) Decrease in Prepaid Expenses	29,100	23,700
(Increase) Decrease in Other Assets	4,400	5,200
Increase (Decrease) in Accounts Payable	347,800	192,600
Increase (Decrease) in Customer Deposits	101,100	81,300
Increase (Decrease) in Accrued Expenses	-38,400	-28,800
Net Cash Provided by (Used in) Operating Activities	$ -196,300	$ -7,900
Cash Flows From Investing Activities		
Proceeds From Sale of Property & Equipment	3,200	0
Purchase of Property & Equipment	-64,100	-97,900
Net Cash Provided by (Used in) Investing Activities	$ -60,900	$ -97,900
Cash Flows From Financing Activities		
Proceeds From Sale of Common Stock	$ 0	$ 0
Net Borrowings (Payments) on Revolving Credit Agreements & Other Short-Term Financing	322,000	145,600
Principal Payments on Long-Term Borrowings Including Industrial Revenue Bonds	-80,000	-76,100
Proceeds From Long-Term Borrowings	0	0
Net Cash Provided by (Used in) Financing Activities	$ 242,000	$ 69,500
Increase (Decrease) in Cash	$ -15,200	$ -36,300
Cash:		
Beginning	19,600	47,800
Ending	$ 4,400	$ 11,500
Supplemental Disclosures of Cash Flow Information		
Cash Payments for:		
Income Taxes	$ 0	$ 0
Interest	$ 46,900	$ 49,700

See notes to condensed consolidated financial statements.

FORM 10-Q
DYNAMIC HOMES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. UNAUDITED STATEMENTS

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 1992 and December 28, 1991, and the results of operations and cash flows for the six months ended June 30, 1992 and June 30, 1991.

Note 2. INVENTORIES

During interim accounting periods, the Company uses the standard cost method of determining cost of sales and inventory levels. Cost of sales values are determined monthly based on standards for materials, labor and overhead by product mix. Deviations from these standards result in adjustments to the monthly cost of sales amount. Periodic physical inventories are taken during the fiscal year to determine actual inventory and cost of sales. No physical inventory was taken during the second quarter of 1992.

The Breakdown of Inventories is as Follows:

	June 30, 1992	December 28, 1991
Finished Goods	$ 656,100	$ 119,500
Work in Process	107,300	89,000
Raw Materials	475,600	470,700
Total Inventories	$ 1,239,000	$ 679,200

Note 3. BACKLOG OF ORDERS

As of June 30, 1992 and June 30, 1991, the Company's backlog of unfilled orders was approximately $2,116,000 and $1,455,000 respectively. As of December 28, 1991, the Company's backlog of unfilled orders was $692,000.

Note 4. REAL ESTATE

Real estate held for sale was located in Mandan, North Dakota and was acquired as partial consideration, in addition to cash, for a parcel of real estate which the Company sold to the City of Mandan Park District during May of 1988. The acquired real estate consisted of one building (shop and storage) comprising 5,740 square feet and approximately .8 acres of land. On July 23, 1990, the lessee of said real estate exercised the option to purchase said property on a Contract for Deed at a purchase price of $60,000 less a down payment of $7,000. Monthly payments of $569.54, including interest at the rate of 10% per annum, commenced on August 1, 1990 and continue for 34 consecutive payments. On July 1, 1993, the existing unpaid principal balance with accrued interest is due and payable. Related holding costs were expensed as incurred and no depreciation was provided.

ITEM 2.

DYNAMIC HOMES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Three Months and Six Months Ended June 30, 1992 and 1991

Results of Operations
Three Months Ended June 30, 1992 and 1991

NET SALES

The Company's revenue for the three months ended June 30, 1992 was $1,727,400 as compared to $1,964,500 for the same period of 1991. The decrease of $237,100 or 12% was primarily related to the multi-family/commercial product line. Single-family revenue remained relatively constant during each period. However, the multi-family/commercial revenue decreased from $522,000 during the second quarter of 1991 to $330,000 for 1992. The revenue decrease of $192,000 for 1992 is associated with a motel project of approximately $500,000 which was produced and available for set during the second quarter; but delays in site preparation postponed the anticipated delivery and setting function until the third quarter of 1992.

The Company's order backlog at June 30, 1992 was at $2,116,000, up $661,000 from $1,455,000 at June 30, 1991. New orders continue on a steady basis but the loan approval process has slowed due to the increase in refinancing activities at most lending institutions.

COST OF SALES

The Company's gross profit of $403,100 in 1992 is down $118,400 from the 1991 period. The reduced gross profit resulted from a decrease in revenue and escalating material costs which adversely impacted the cost of sales. Some material costs have begun to soften and gross profits should respond with improved results during the third quarter of 1992.

OPERATING EXPENSES

The Company's operating expenses for the three months ended June 30, 1992 were $372,100, down $82,700 from the $454,800 for 1991. The largest portion of the decrease was related to reductions in advertising and promotional expenses.

OPERATING INCOME/LOSS

The operating profit for the three months ended June 30, 1992 was $31,000 as compared with $66,700 for the 1991 period. The decrease in operating profit is the result of a lower revenue base and gross profit percent during the second quarter of 1992.

NET NON-OPERATING INCOME/EXPENSE

The three month quarters ending June 30, 1992 and June 30, 1991 had similar net expense totals. The major expense component in each quarter consisted of interest expense.

FEDERAL AND STATE INCOME TAXES

There was no provision for Federal and State income taxes in either quarter due to the net loss carryforward.

NET INCOME/LOSS

The company had net income of $9,400 for the second quarter of 1992 versus net income of $50,500 for 1991. The net income realized in 1992 decreased due to a lower revenue base and a decrease in the gross profit percentage realized.

Results of Operations
Six Months Ended June 30, 1992 and 1991

NET SALES

The Company's revenue for the six months ended June 30, 1992 was $2,966,400 as compared with $3,074,100 for 1991. The decrease of $107,700 or 3.5% is attributed to the multi-family/commercial sector. Single-family sales for 1992 increased by $55,300, while multi-family/commercial decreased by $163,000. The multi-family/commercial sector was adversely affected by a delay in the delivery and setting of a motel project. The project should contribute to the third quarter revenue base in lieu of the second quarter as initially anticipated.

COST OF SALES

Gross profit for the first six months of 1992 was $687,100 as compared with $724,300 for 1991. The decrease comes primarily from a decrease in the revenue base and a lower gross profit due to unfavorable pricing on some inventory purchases.

OPERATING EXPENSES

Operating expenses were $732,300 in 1992 as compared with $821,500 for the 1991 period. The $89,200 decrease in operating expenses resulted from curtailments and postponed advertising and promotion expenses and smaller cost reductions in the administrative area.

OPERATING INCOME/LOSS

The Company's operating loss was $45,200 for the 1992 period as compared with an operating loss of $97,200 for the same period of 1991. The improved results reflect the cost reductions in both the marketing and administrative catagories.

NET NON-OPERATING INCOME/EXPENSE

The Company's net non-operating expenses were $27,600 for 1992 and $36,500 for 1991. The major component, interest expense remained constant for both periods. Non-operating income in 1992, increased by $8,400 over 1991 due to monies received from prior period insurance dividends and refunds.

FEDERAL AND STATE INCOME TAXES

There was no provision for Federal and State income taxes in 1992 and 1991 due to the net operating losses carried forward.

NET INCOME/LOSS

The Company's net loss for the six months ended June 30, 1992, was $72,800; an improvement of $60,900 over the $133,700 loss for the first six months of 1991. The net loss per share for 1992 is $0.03 versus a net loss per share of $0.06 for 1991.

Financial Condition
as of June 30, 1992

The Company's working capital decreased to a deficit of $98,600 at June 30, 1992 from a positive working capital of $75,100 at December 28, 1991 and a deficit of $129,400 at June 30,1991. The decrease in working captial during the first six months of 1992 can be attributed to the net loss of $72,800 and a build up of inventory. The increase in inventory is the result of one completed motel project which was reported as finished goods on June 30, 1992. The increase in inventory was feasible by utilizing available supplier payment terms, drawing on the available bank line of credit and customer deposits. Dynamic Homes has an available credit line of $550,000 and had $536,000 outstanding as of June 30, 1992.

The Company continues to meet its obligations on all long-term debt arrangements. Revenue prospects for the third quarter in conjunction with the bank line of credit cause management to believe that the company should have adequate capital for meeting its obligations and sustain a modest level of growth during the remainder of 1992.

PART II.

Items 1, 2, 3, 5 and 6 are omitted as each is either not applicable or the answer to the item is negative.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of Dynamic Homes, Inc. was duly called and held on June 8, 1992.

(A) The meeting involved the election of Directors. Those elected were D. Raymond Madison, Gordon H. Lund, Chris T. Dantis, Clyde R. Lund Jr., Israel Mirviss, Ronald L. Gustafson and Peter K. Pichetti. There are no other members of the Board of Directors.

(B) The meeting involved ratification of the appointment of Charles Bailly & Company as independent public accountants for Dynamic Homes, Inc. for the fiscal year ending December 26, 1992. The appointment was ratified.

SIGNATURE

Pursuant to the requirements of the Securites Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: _____

Dynamic Homes, Inc.

_____

(Registrant)

_____

Vern Muzik, President